

1973

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ANNUAL REPORT

OF

The Belt Railway Company

of CHICAGO

FOR THE

YEAR ENDED DECEMBER 31, 1973

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THE BELT RAILWAY COMPANY OF CHICAGO

DIRECTORS

J. C. DAVIS, The Atchison, Topeka and Santa Fe Railway Co. . . . Chicago, Ill.
J. E. HAMER, Burlington Northern Inc. Chicago, Ill.
K. T. REED, The Chesapeake and Ohio Railway Co. Baltimore, Md.
H. S. VIERLING, Chicago & Eastern Illinois Railroad Co. . . . Chicago, Ill.
M. L. CASSELL, Chicago, Rock Island and Pacific Railroad Co. . Chicago, Ill.
J. R. NEIKIRK, Erie Lackawanna Railway Co. Cleveland, Ohio
J. H. BURDAKIN, Grand Trunk Western Railroad Co. Detroit, Mich.
A. S. BOYD, Illinois Central Gulf Railroad Co. Chicago, Ill.
R. E. BISHA, Louisville and Nashville Railroad Co. Louisville, Ky.
S. T. BROWN, Louisville and Nashville Railroad Co. (Monon Div.).. Roanoke, Va.
R. F. DUNLAP, Norfolk and Western Railway Co. Roanoke, Va.
K. E. SMITH, Penn Central Transportation Co. Chicago, Ill.
T. R. KLINGEL, Soo Line Railroad Co. Minneapolis, Minn.

EXECUTIVE COMMITTEE

R. E. BISHA, Chairman

J. C. DAVIS - R. F. DUNLAP - J. E. HAMER - H. S. VIERLING

OFFICERS

President and General Manager R. E. DOWDY
Vice President and Assistant General Manager D. R. TURNER
Vice President and Controller R. G. RUBINO
Secretary and Treasurer G. D. MORIARTY
General Counsel R. F. KOPROSKE
Assistant Secretary and Assistant Treasurer J. CHESTER

GENERAL OFFICES

6900 SOUTH CENTRAL AVENUE, CHICAGO, ILLINOIS 60638

ANNUAL MEETING - SECOND TUESDAY IN MAY

Chicago, Illinois
May 14, 1974

TO THE STOCKHOLDERS OF
THE BELT RAILWAY COMPANY OF CHICAGO

The Annual Report of the company for the year 1973, is hereby submitted.

The 1973 operating revenues increased 8.5% over 1972, also, the Belt Separate Operation deficit was decreased \$1,959,404 or 72%.

This improvement reflects changes effected during 1972 in Belt railway operations which were fully realized in 1973. Of further changes made in 1973, the inauguration of blocked train movements through Clearing Yard should be of the greatest benefit. The implementation of this plan has produced a substantial increase in car volume, however, it was only in effect for the last three months of the year. Continued increased volumes in these movements, as well as other improvements, are expected to return Belt Separate Operation to a profitable position.

The acquisition of the Clearing Industrial District land and tracks, which Belt had been leasing for 60 years, was accomplished in May, through exchange of approximately 35 acres of unimproved land for 16.45 miles of lead tracks occupying approximately 42 acres of land serving Belt industries. Disposition of surplus right-of-way land parcels and development of certain parcels adequate for industrial use will be pursued in the coming year.

During the year, construction of three additional buildings totaling 409,000 square feet was started by the Bedford Industrial Park Venture, in which Belt is a partner. At year-end, approximately 128,000 square feet was completed and leased to TransAm Distribution Company. Of the Venture's first five buildings completed in 1972, a 27½% partial interest was sold by the Venture in May 1973 to Jan Investments and has resulted in an improved cash flow to the venture.

During the year C. V. Cowan, J. D. Bond and O. H. Zimmerman resigned from the Board of Directors, after 39 years of combined service. Their wise counsel and dedication is gratefully acknowledged.

The Board recognizes the cooperation and contributions of the employees during the year.

By order of the Board of Directors.

R. E. DOWDY
President and General Manager

REVIEW OF OPERATIONS

REVENUES:

Total operating revenues for the year were \$15,162,922, an increase of \$1,188,705 or 8.5%. Intermediate and local switch cars handled in Belt Separate Operation comprise the principal source of revenues. Intermediate cars handled decreased 45,280 or 14%; local loaded cars handled increased 2,238 or 1.4%; however, increased freight rates produced additional switching revenues of \$256,460.

Demurrage charges increased \$949,678, principally due to increase in rates effective April 1973 and additional cars handled which were subject to storage charges.

Cars interchanged directly between owner roads using Belt Railway yards totaled 257,043 in 1973 compared to 221,315 in 1972, an increase of 35,728 or 16.14%. Cars handled by owner lines in direct movements over Belt Railway trackage totaled 969,455 in 1973 compared to 924,496 in 1972, an increase of 44,959 or 4.9%.

Thirteen industries were located during the year and fifteen were vacated. This compared with fifteen located and fifteen vacated in 1972.

JOINT FACILITY RENT INCOME:

The decrease of \$1,667,992 was due principally to the reduction in Belt Separate Operation deficit billed against the proprietary lines from \$2,715,056 in 1972 to \$755,652 in 1973; offset by increases covering railroad retirement and general property taxes billable to proprietary roads.

Important to Belt during 1973 was the ability of our people and owner lines to implement the expedited block train movements through Clearing Yard. The import of the new service is the prompt interchange of cars between owner lines at substantially lower costs through use of Belt's centrally located facilities.

OPERATING EXPENSES:

Total expenses in 1973 were \$17,232,717, a decrease of \$206,611 or 1.2% compared to 1972. Payroll costs increased \$1,129,502 principally due to higher wage rates granted under industry wide labor agreements but were offset by economies instituted during 1972 and 1973. Cost of fuel and other materials rose substantially following the inflationary trends throughout the year. The operating ratio of Belt Separate Operation decreased to 85.33 compared with 97.64 in 1972.

Maintenance of Way expenses totaled \$2,752,031, a decrease of \$152,178. Higher wage costs of \$134,697 were offset by general force reductions and controlled maintenance requirements. The operating ratio to Belt Separate Operation was 10.61 compared to 13.36 in 1972.

Maintenance of Equipment expenses totaled \$2,178,917, a \$10,808 increase over 1972. Principal increase resulted from personal injury settlements of \$24,402 and general increase in wages of \$78,973. These increases were offset by operational changes resulting in more efficient handling of equipment. The operating ratio to Belt Separate Operation was 12.02 compared with 13.58 in 1972.

Transportation expenses totaled \$10,751,635 a decrease of \$45,527 compared to 1972. Increased wage costs of \$825,497 were offset principally by economies realized through changes in operations and decreases in personal injury settlements. The operating ratio to Belt Separate Operation was 55.97 compared to 62.98 in 1972.

General expenses totaled \$1,541,754, a decrease of \$18,855. The operating ratio to Belt Separate Operation was 6.68 compared with 7.66 for 1972.

Total operating expenses include amounts chargeable to others as their proportion of costs incurred by the Belt Railway Company in maintaining and operating jointly used tracks and facilities. Net operating expenses charged to Belt Railway Separate Operation are reflected on pages 6, and 16 thru 19.

OTHER EXPENSES:

Railway tax accruals increased \$267,731. This was due principally to increases in railroad retirement taxes effective January 1 and October 1, 1973. General property taxes increased \$106,412 but were offset by reduction in accruals for income taxes and unemployment insurance.

Hire of freight cars increased \$197,981. This is directly attributable to the increased car hire rates and the industry wide settlement of extended incentive car hire charges.

RAIL TO WATER ACTIVITY:

Rail to Water transfer operations started on March 19th and ended December 22nd. In 1972, the operations began on April 3rd, and closed on December 13th. Coal tonnage handled through the facility during 1973 totaled 5,353,661 tons compared to 5,120,451 tons in 1972, an increase of 233,210 tons or 5%. Other commodities handled through this dock facility, principally coke, clay and feed, totaled 321,310 tons in 1973 compared with 205,547 tons in 1972, an increase of 115,763 tons or 56%. Total tonnage increased 348,763 tons or 7% over that in 1972. In view of the national energy crisis, a greater volume is expected to move through this facility during the coming year.

PROPERTY IMPROVEMENTS:

Rail replacements in 1973 consisted of 510 tons of new and 188 tons of secondhand rail. There were 10,533 new cross ties installed and 93,895 feet B.M. of switch ties. Other changes in road and equipment are reflected on pages 12 and 13 of this report.

INCOME STATEMENT

	1973	1972	Increase or (Decrease)
RAILWAY OPERATING REVENUES:			
Intermediate switching	\$4,333,022	\$4,953,564	\$ (620,542)
Local switching	8,971,068	8,094,066	877,002
Demurrage	1,812,509	862,831	949,678
Rents of buildings and other property	300	290	10
Miscellaneous	46,023	63,466	(17,443)
Total railway operating revenues	\$15,162,922	\$13,974,217	\$1,188,705
RAILWAY OPERATING EXPENSES:			
Maintenance of way and structures	\$ 1,608,239	\$ 1,867,296	\$ (259,057)
Maintenance of equipment	1,822,321	1,896,999	(74,678)
Traffic	8,159	8,965	(806)
Transportation-Rail line	8,486,957	8,800,676	(313,719)
General	1,013,408	1,070,251	(56,843)
Total railway operating expenses	\$12,939,084	\$13,644,187	\$ (705,103)
Net revenue from railway operations	\$ 2,223,838	\$ 330,030	\$1,893,808
Operating ratio	85.33	97.64	(12.31)
RAILWAY TAX ACCRUALS:			
General property	\$ 618,012	\$ 511,600	\$ 106,412
Federal Income	7,214	73,404	(66,190)
Retirement	1,338,336	1,075,823	262,513
Unemployment	183,658	205,245	(21,587)
Other	11,187	24,604	(13,417)
Total railway tax accruals	\$ 2,158,407	\$ 1,890,676	\$ 267,731
Railway operating income	\$ 65,431	\$ (1,560,646)	\$1,626,077
RENT INCOME:			
Rent from locomotives	\$ 138,885	\$ 8,470	\$ 130,415
Rent from work equipment	1,963	2,642	(679)
Joint facility rent income	2,092,010	3,760,002	(1,667,992)
Total rent income	\$ 2,232,858	\$ 3,771,114	\$ (1,538,256)
RENTS PAYABLE:			
Hire of freight cars-Debit balance	\$ 971,520	\$ 773,539	\$ 197,981
Rent for locomotives	188,154	56,161	131,993
Rent for work equipment	1,305	-	1,305
Joint facility rents	85,777	107,082	(21,305)
Total rents payable	\$ 1,246,756	\$ 936,782	\$ 309,974
Net rents	\$ 986,102	\$ 2,834,332	\$ (1,848,230)
Net railway operating income	\$ 1,051,533	\$ 1,273,686	\$ (222,153)

INCOME STATEMENT — concluded

	1973	1972	Increase or (Decrease)
OTHER INCOME:			
Income from lease of road and equipment	\$ 40,091	\$ 36,268	\$ 3,823
Miscellaneous rent income	284,727	247,657	37,070
Income from non-operating property. .	57,941	39,814	18,127
Interest income	97,283	68,954	28,329
Income from sinking and other reserve funds	156,857	113,780	43,077
Miscellaneous income	252,145	436,540	(184,395)
Total other income	\$ 889,044	\$ 943,013	\$ (53,969)
Total income	\$1,940,577	\$2,216,699	\$ (276,122)
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Miscellaneous rents	\$ 1,957	\$ 143	\$ 1,814
Miscellaneous tax accruals	82,688	82,500	188
Separately operated properties-loss.	33,956	-	33,956
Miscellaneous income charges	53,638	37,987	15,651
Total miscellaneous deductions . .	\$ 172,239	\$ 120,630	\$ 51,609
Income available for fixed charges.	\$1,768,338	\$2,096,069	\$ (327,731)
FIXED CHARGES:			
Rent for leased roads and equipment .	\$ 18,974	\$ 69,117	\$ (50,143)
Interest on funded debt	1,723,140	1,758,185	(35,045)
Amortization of discount on funded debt.	4,971	4,971	-
Total fixed charges	\$1,747,085	\$1,832,273	\$ (85,188)
Income after fixed charges	\$ 21,253	\$ 263,796	\$ (242,543)
EXTRAORDINARY AND PRIOR PERIOD ITEMS:			
Extraordinary items (net)	\$ -	\$ -	\$ -
Federal Income taxes	-	-	-
Total extraordinary & prior period items	\$ -	\$ -	\$ -
Net income transferred to Retained Income	\$ 21,253	\$ 263,796	\$ (242,543)

RETAINED INCOME — UNAPPROPRIATED

Credit balance January 1, 1973	\$2,154,642
Amount transferred from income - Year 1973	21,253*
Credit balance December 31, 1973	\$2,175,895

* Non-related terminal income under Public Law 87-870

BALANCE SHEET

ASSETS

	December 31, 1973	December 31, 1972	Increase or (Decrease)
CURRENT ASSETS:			
Cash	\$ 17,744	\$ 7,372	\$ 10,372
Temporary cash investments	2,447,306	1,644,256	803,050
Special deposits	1,616	1,655	(39)
Traffic and car-service balances-Dr.	438,486	230,489	207,997
Net balance receivable from agents and conductors	225,620	160,124	65,496
Miscellaneous accounts receivable	1,493,049	2,149,873	(656,824)
Accrued accounts receivable	734,553	832,024	(97,471)
Working fund advances	2,040	2,040	-
Prepayments	135,900	123,823	12,077
Material and supplies	749,890	681,855	68,035
Total current assets	\$ 6,246,204	\$ 5,833,511	\$ 412,693
SPECIAL FUNDS:			
Sinking funds	\$ 20,188	\$ -	\$ 20,188
Capital and other reserve funds	2,305,191	2,826,411	(521,220)
Insurance and other funds	14,540	24,720	(10,180)
Total special funds	\$ 2,339,919	\$ 2,851,131	\$ (511,212)
INVESTMENTS:			
Other investments	\$ 1	\$ -	\$ 1
Reserve for adjustment of investment in securities	(46,391)	-	(46,391)
Total investments	\$ (46,390)	\$ -	\$ (46,390)
PROPERTIES:			
Road (See page 12)	\$30,266,632	\$30,045,055	\$ 221,577
Equipment (See pages 11 and 13)	5,972,638	6,068,055	(95,417)
Construction work in progress	-	26,582	(26,582)
Improvements on leased property	14,707	41,544	(26,837)
Total transportation property	\$36,253,977	\$36,181,236	\$ 72,741
Accrued depreciation - Road and equipment	(8,156,480)	(7,897,394)	(259,086)
Total transportation property less recorded depreciation and amortization	\$28,097,497	\$28,283,842	\$ (186,345)
Miscellaneous physical property	6,424,091	6,701,808	(277,717)
Total properties less recorded depreciation and amortization	\$34,521,588	\$34,985,650	\$ (464,062)
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets	\$ 696,181	\$ 373,081	\$ 323,100
Unamortized discount on long term debt.	68,342	73,314	(4,972)
Other deferred charges	232,978	254,862	(21,884)
Total other assets and deferred charges	\$ 997,501	\$ 701,257	\$ 296,244
Total assets	\$44,058,822	\$44,371,549	\$ (312,727)

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1973	December 31, 1972	Increase or (Decrease)
CURRENT LIABILITIES:			
Audited accounts and wages payable . .	\$ 796,086	\$ 726,456	\$ 69,630
Miscellaneous accounts payable . . .	112,780	129,522	(16,742)
Interest matured unpaid	1,617	1,388	229
Unmatured interest accrued	489,590	529,273	(39,683)
Accrued accounts payable	70,970	94,871	(23,901)
Federal income taxes accrued	13,600	64,000	(50,400)
Other taxes accrued	947,897	913,061	34,836
Other current liabilities	28,598	46,022	(17,424)
Total current liabilities	\$ 2,461,138	\$ 2,504,593	\$ (43,455)
LONG-TERM DEBT DUE WITHIN ONE YEAR:			
Equipment obligations and other debt	\$ 82,500	\$(A)827,500	\$ (745,000)
LONG-TERM DEBT:			
First Mortgage 4-5/8% Sinking Fund Bonds, Series A, due August 15, 1987	\$28,138,000	\$29,028,000	\$ (890,000)
Equipment obligations	180,625	263,125	(82,500)
Amounts payable to affiliated companies	6,860,775	6,115,775	745,000
Total long-term debt	\$35,179,400	\$35,406,900	\$ (227,500)
RESERVES:			
Casualty and other reserves	\$ 76,514	\$ -	\$ 76,514
OTHER LIABILITIES AND DEFERRED CREDITS:			
Other liabilities	\$ 98,814	\$ 95,527	\$ 3,287
Other deferred credits	634,561	32,387	602,174
Total other liabilities and deferred credits	\$ 733,375	\$ 127,914	\$ 605,461
SHAREHOLDERS' EQUITY:			
Capital Stock issued - Common . . (B)	\$ 3,120,000	\$ 3,120,000	\$ -
Capital surplus:			
Paid-in surplus	230,000	230,000	-
Retained income - Unappropriated . .	2,175,895	2,154,642	21,253
Total shareholders' equity	\$ 5,525,895	\$ 5,504,642	\$ 21,253
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$44,058,822	\$44,371,549	\$ (312,727)

(A) Includes \$745,000 representing one year's Sinking Fund requirement.

(B) Owned one-thirteenth each - AT&SF, C&O, C&EI, BN, CRI&P, Erie Lackawanna, GTW, ICG, L&N, L&N-Mon Div., N&W, Penn Central, Soo Line.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31	1973	1972
<u>Source of Funds</u>		
Net income	\$ 21,253	\$ 263,796
Depreciation	445,784	465,158
Transportation property retired (non-depreciable) . .	81,180	200,656
Casualty and other reserves	76,514	-
Other investments equity reserves	46,390	-
Funds provided by operations	671,121	929,610
Transportation property retired (depreciable). . . .	255,357	856,381
Less, service value charged to depreciation reserve.	(186,697)	(783,848)
Miscellaneous physical property sold (book value). .	277,717	146,989
Decrease in capital and other special funds	511,212	-
Advances received from affiliated companies	745,000	745,000
Increase in other liabilities and deferred credits .	605,461	-
TOTAL.	\$2,879,171	\$1,894,132
<u>Application of Funds</u>		
Additions to transportation properties	\$ 409,279	\$ 101,126
Long term debt (First Mortgage Bonds) reduced . . .	1,635,000	772,000
Equipment obligations reduced	82,500	82,500
Increase in capital and other special funds	-	495,465
Increase in other assets and deferred charges. . . .	296,244	16,225
Decrease in other liabilities and deferred credits .	-	68,745
Increase in working capital	456,148	358,071
TOTAL.	\$2,879,171	\$1,894,132
<u>Increase (decrease) in Working Capital:</u>		
<u>Current Assets:</u>		
Cash and short-term investment funds	\$ 813,383	\$ (93,019)
Receivables and accruals	(480,802)	(115,629)
Prepayments.	12,077	21,300
Material and supplies	68,035	12,943
	412,693	(174,405)
<u>Current Liabilities:</u>		
Payables and accruals	10,467	378,510
Federal income taxes accrued	50,400	(64,000)
Other taxes accrued	(34,836)	106,588
Other current liabilities	17,424	111,378
	43,455	532,476
Increase in Working Capital	\$ 456,148	\$ 358,071

EQUIPMENT OWNED

	On Hand Dec. 31, 1972	Changes During Year		On Hand Dec. 31, 1973
		Added	Retired	
Locomotives:				
Diesel - Switching (A) units . .	38		1	37
" " (B) units . .	7			7
Total	45		1	44
Freight-train Cars:				
Caboose	29			29
Box	1			1
Total	30			30
Work Equipment:				
Flat cars	4			4
Gondola cars	2			2
Truck car	1			1
Refrigerator car	1			1
Instruction car	1		1	-
Wrecking derrick	1			1
Tool cars	2			2
Jet snow blower	1			1
Commissary cars	2			2
Jordan spreader	1		1	-
Burro crane	1			1
Total	17		2	15
Miscellaneous Equipment:				
Service trucks	21	3	1	23
Station wagons	5		1	4
Utility trailers	4			4
4 Door sedans	7		2	5
Carryall	1			1
Vac-all cleaning machine	1		1	-
Total	39	3	5	37

ROAD AND EQUIPMENT PROPERTY

	Balance December 31, 1972	1973		Balance December 31, 1973
		Additions & Better- ments	Retire- ments	
ROAD:				
Engineering	\$ 663,389	\$ -	\$ 3,491	\$ 659,898
Land for transportation purposes	9,804,932	135,976	53,035	9,887,873
Grading	4,398,090	-	-	4,398,090
Bridges, trestles and culverts	1,918,458	-	-	1,918,458
Ties.	1,005,740	41,132	4,386	1,042,486
Rails	2,569,400	51,015	6,686	2,613,729
Other track material . . .	2,148,335	58,553	8,161	2,198,727
Ballast	582,961	19,322	988	601,295
Track laying and surfacing.	1,028,452	60,877	27,699	1,061,630
Fences, snowsheds and signs	13,083	-	-	13,083
Station and office buildings	1,192,763	-	-	1,192,763
Roadway buildings	91,421	-	-	91,421
Water stations	66,317	-	-	66,317
Fuel stations	65,376	-	-	65,376
Shops and engine houses . .	696,215	-	-	696,215
Wharves and docks	40,369	-	-	40,369
Communication systems . . .	274,422	(2,346)	1,441	270,635
Signals and interlockers. .	1,509,862	-	115	1,509,747
Power Plants	50,495	-	-	50,495
Power-transmission systems.	124,309	-	128	124,181
Miscellaneous structures. .	70,244	-	-	70,244
Roadway machines	405,866	69,234	107,911	367,189
Roadway small tools	13,685	106	-	13,791
Public improvements - Construction	702,724	3,367	-	706,091
Other expenditures - road .	524	-	-	524
Shop machinery.	236,865	-	1,618	235,247
Power plant machinery . . .	370,758	-	-	370,758
TOTAL ROAD.	\$30,045,055	\$437,236	\$215,659	\$30,266,632

ROAD AND EQUIPMENT PROPERTY — concluded

	Balance December 31, 1972	1973		Balance December 31, 1973
		Additions & Better- ments	Retire- ments	
EQUIPMENT:				
Diesel locomotives	\$ 5,439,464	\$ -	\$ 48,398	\$ 5,391,066
Freight-train cars	239,219	-	-	239,219
Work equipment	132,685	-	11,021	121,664
Miscellaneous equipment . .	256,687	25,777	61,775	220,689
TOTAL EQUIPMENT	\$ 6,068,055	\$ 25,777	\$121,194	\$ 5,972,638
TOTAL ROAD AND EQUIPMENT . . .	\$36,113,110	\$463,013	\$336,853	\$36,239,270

FUNDED DEBT

First Mortgage Bonds issued by Bankers
Trust Company, New York, Trustee:

Total amount authorized \$75,000,000

Sinking Fund Bonds 4 5/8%, Series "A", issued
August 15, 1962, due August 15, 1987:

For purchase of properties formerly leased from
the Chicago and Western Indiana Railroad
Company \$36,662,852

Expended for financing expenses and for
additions and betterments subsequent to
August 15, 1962 587,148

TOTAL ISSUED \$37,250,000

Less: Redeemed and cancelled \$ 8,195,000
Redeemed and held by or for Company 917,000 9,112,000

TOTAL OUTSTANDING AT DECEMBER 31, 1973 \$28,138,000

MILEAGE OF TRACK OPERATED

	1 9 7 3				
	First Main	Second Main	Other Mains	Yard Tracks and Sidings	Total
Owned by The Belt Railway Co.: Cragin to South Chicago including Clearing Yard	27.16	25.60	-	309.30	362.06
Leased from other companies: Chicago, Peoria & Western (Argo) . .	-	-	-	.52	.52
Trackage rights received from other companies: C. & W.I. R.R. Co.					
80th St. to Pullman Jct.	3.56	3.47	-	.03	7.06
Pullman Jct. to South Deering . .	2.68	2.68	2.54	.38	8.28
South Deering to Burnham	4.76	4.76	.67	3.83	14.02
C.R.I. & P. Ry. - South Chicago . .	-	-	-	1.57	1.57
Penn Central - South Chicago . . .	-	-	-	.09	.09
I.H.B. R.R. - 55th to Elsdon . . .	1.41	1.40	-	-	* 2.81
B.&O.C.T.R.R.-Clearing to Proviso .	9.05	8.09	-	13.70	30.84
B.&O.C.T.R.R. Southwest Division (Cicero District)	-	-	-	6.08	6.08
N & W Railway - Ford Yd. & Lead . .	-	-	-	1.26	1.26
Calumet Western R.R.-112th to 116th	.51	-	-	-	.51
Penn Central & I.H.B. R.R. (Joint) 116th to 117th.	.11	-	-	-	.11
Chicago, West Pullman & Southern - South Chicago	-	-	-	.09	.09
Chesapeake & Ohio Ry. - Burnham . .	-	-	-	.17	.17
Total	22.08	20.40	3.21	27.20	72.89
Total Miles Operated	49.24	46.00	3.21	337.02	435.47

*Trackage Rights Not Exercised.

YARD TRACKS OWNED BY THE BELT RAILWAY CO. BUT NOT OPERATED

(Not included in above mileage)

<u>Leased To</u>	<u>Location</u>	<u>Miles of Road</u>
C.W.P. & S. R.R.	Warner Branch	1.46
C. & O. Ry. Co.	Rockwell St. Yard	10.91
Total		12.37

TRackage RIGHTS GRANTED OTHER COMPANIES

<u>Company</u>	<u>Location</u>	<u>Miles of Road</u>
I.H.B.R.R.	Elsdon Branch	1.51
E.J. & E. Ry.	South Chicago to Mill Gate & South Deering. .	3.40
Chicago Short Line	South Chicago to South Deering	2.90
Total		7.81

CARS HANDLED

Cars Handled by The Belt Railway Company of Chicago in its "Separate Operation"	1973		1972		Increase or (Decrease) Percent
	Number	Percent	Number	Percent	
INTERMEDIATE					
Loaded cars	151,251	25.32	169,218	26.48	(10.62)
Empty cars	127,560	21.35	154,873	24.23	(17.64)
LOCAL:					
Loaded cars	162,521	27.20	160,283	25.08	1.40
Empty cars	156,125	26.13	154,693	24.21	.93
Total	597,457	100.00	639,067	100.00	(6.51)
TOTAL:					
Loaded cars	313,772	52.52	329,501	51.56	(4.77)
Empty cars	283,685	47.48	309,566	48.44	(8.36)
Total	597,457	100.00	639,067	100.00	(6.51)
Cars interchanged directly between Owner Roads at Clearing and other yards, being handled by The Belt Railway through those yards	257,043		221,315		16.14
Cars handled by Owner Lines in direct movement over Belt Railway Co. of Chicago	969,455		924,496		4.86
Total cars handled	1,823,955		1,784,878		2.19

Cars handled by Belt Railway Company covering "Separate Operations" traffic for the last five years were as follows:

Year	Intermediate		Local		Total Cars
	Loaded	Empty	Loaded	Empty	
1969	208,924	163,257	190,844	173,742	736,767
1970	226,823	177,809	191,574	176,316	772,522
1971	180,449	159,584	177,765	170,850	688,648
1972	169,218	154,873	160,283	154,693	639,067
1973	151,251	127,560	162,521	156,125	597,457

Cars handled by Belt Railway Company and Owner Line Companies covering "owner-to-owner" traffic for the last five years were as follows:

Year	Handled by Belt Railway	Handled by Owner Lines	Total Cars
1969	288,929	801,497	1,090,426
1970	284,317	774,386	1,058,703
1971	250,304	882,191	1,132,495
1972	221,315	924,496	1,145,811
1973	257,043	969,455	1,226,498

OPERATING EXPENSES

	1973	1972	Increase or (Decrease)
MAINTENANCE OF WAY AND STRUCTURES:			
Superintendence	\$ 257,245	\$ 235,530	\$ 21,715
Roadway maintenance	128,261	121,974	6,287
Bridges, trestles, and culverts	64,996	64,416	580
Ties	104,535	169,745	(65,210)
Rails	89,536	86,584	2,952
Other track material	121,669	141,030	(19,361)
Ballast	35,888	16,241	19,647
Track laying and surfacing	697,247	623,811	73,436
Fences, snowsheds, and signs	11,902	7,147	4,755
Station and office buildings	86,015	103,986	(17,971)
Roadway buildings	11,522	13,498	(1,976)
Water stations	624	393	231
Fuel stations	1,462	1,831	(369)
Shops and enginehouses	54,277	84,363	(30,086)
Communication systems	117,814	105,385	12,429
Signals and interlockers	308,400	462,994	(154,594)
Power plants	4,323	6,158	(1,835)
Power-transmission systems	10,014	9,304	710
Miscellaneous structures	3,537	9,432	(5,895)
Road property - Depreciation (Leased) .	54	139	(85)
Road property - Depreciation (Owned) .	172,055	173,277	(1,222)
Retirements - Road	7,781	10,891	(3,110)
Roadway machines	29,125	16,693	12,432
Dismantling retired road property . . .	14,699	16,014	(1,315)
Small tools and supplies	44,312	46,375	(2,063)
Removing snow, ice, and sand	48,022	115,453	(67,431)
Public improvements - Maintenance . . .	22,577	16,301	6,276
Injuries to persons	17,534	20,631	(3,097)
Insurance	53,343	46,641	6,702
Stationery and printing	3,811	4,427	(616)
Employees health and welfare benefits .	97,513	100,690	(3,177)
Other expenses	2,126	446	1,680
Maintaining joint tracks, yards and other facilities - Dr.	129,812	72,409	57,403
Gross total	\$2,752,031	\$2,904,209	\$(152,178)
Maintaining joint tracks, yards and other facilities - Cr.	1,143,792	1,036,913	106,879
Net - Belt Railway - Separate operation	\$1,608,239	\$1,867,296	\$(259,057)
Ratio to operating revenues	10.61	13.36	(2.75)

OPERATING EXPENSES — continued

	1973	1972	Increase or (Decrease)
MAINTENANCE OF EQUIPMENT:			
Superintendence.	\$ 109,680	\$ 94,084	\$ 15,596
Shop machinery	5,177	9,727	(4,550)
Power-plant machinery	4,577	3,627	950
Shop and power plant machinery Depreciation (Owned)	14,356	14,330	26
Diesel locomotives - Repairs	906,298	961,108	(54,810)
Freight-train cars - Repairs	530,681	512,278	18,403
Work equipment - Repairs	44,792	16,206	28,586
Miscellaneous equipment - Repairs	48,431	36,144	12,287
Dismantling retired equipment (Owned). Equipment - Depreciation (Owned)	259,250	277,552	(18,302)
Injuries to persons.	36,264	11,862	24,402
Insurance.	81,754	73,348	8,406
Stationery and printing	3,055	3,587	(532)
Employees health and welfare benefits. Joint maintenance of equipment expenses - Dr.	63,643	60,809	2,834
Other expenses	69,872	92,360	(22,488)
	1,087	1,042	45
Gross total	\$2,178,917	\$2,168,109	\$ 10,808
Joint maintenance of equipment expenses - Cr.	356,596	271,110	85,486
Net - Belt Railway - Separate operation	\$1,822,321	\$1,896,999	\$ (74,678)
Ratio to operating revenues	12.02	13.58	(1.56)
TRAFFIC:			
Advertising.	\$ 1,059	\$ 872	\$ 187
Stationery and printing	7,321	8,367	(1,046)
Gross total.	\$ 8,380	\$ 9,239	\$ (859)
Charged to Owner Line operation.	221	274	(53)
Net - Belt Railway - Separate operation	\$ 8,159	\$ 8,965	\$ (806)
Ratio to operating revenues.	.05	.06	(.01)

OPERATING EXPENSES — continued

	1973	1972	Increase or (Decrease)
TRANSPORTATION - RAIL LINE:			
Superintendence	\$ 578,796	\$ 480,830	\$ 97,966
Dispatching trains	136,684	126,001	10,683
Station employees	502,798	852,154	(349,356)
Weighing, inspection, and demurrage bureaus	6,532	5,886	646
Station supplies and expenses	27,163	31,678	(4,515)
Yardmasters and yard clerks	1,215,531	845,704	369,827
Yard conductors and brakemen	2,663,571	2,746,348	(82,777)
Yard switch and signal tenders.	673,888	685,051	(11,163)
Yard enginemen.	1,828,705	1,806,328	22,377
Yard switching fuel	342,353	298,131	44,222
Servicing yard locomotives.	380,177	* 371,348	8,829
Yard supplies and expenses	838,285	* 855,477	(17,192)
Crossing protection	9,718	9,643	75
Communication system operation	46,940	42,600	4,340
Employees health and welfare benefits	466,684	481,066	(14,382)
Stationery and printing	42,044	41,962	82
Other expenses.	7,638	3,373	4,265
Insurance	132,298	121,408	10,890
Clearing wrecks	111,850	80,058	31,792
Damage to property	20,289	17,230	3,059
Loss and damage - Freight	159,142	197,828	(38,686)
Injuries to persons	199,023	291,562	(92,539)
Operating joint yards and terminals - Dr.	361,526	405,496	(43,970)
Gross total	\$10,751,635	\$10,797,162	\$ (45,527)
Operating joint yards and terminals - Cr.	2,264,678	1,996,486	268,192
Net - Belt Railway - Separate operation	\$ 8,486,957	\$ 8,800,676	\$(313,719)
Ratio to operating revenues	55.97	62.98	(7.01)

* Accounts restated to conform with I.C.C. reclassification of yard supplies and expenses.

OPERATING EXPENSES — concluded

	1973	1972	Increase or (Decrease)
GENERAL			
Salaries and expenses of general officers.	\$ 442,644	\$ 395,898	\$ 46,746
Salaries and expenses of clerks and attendants.	528,339	559,581	(31,242)
General office supplies and expenses	258,203	299,790	(41,587)
Law expenses	83,921	85,251	(1,330)
Insurance	586	593	(7)
Employees health and selfare benefits	69,565	65,253	4,312
Pensions	95,776	89,366	6,410
Stationery and printing	30,033	30,152	(119)
Other expenses	30,417	28,251	2,166
General joint facilities - Dr. . .	2,270	6,474	(4,204)
Gross total	\$ 1,541,754	\$ 1,560,609	\$ (18,855)
General joint facilities - Cr. . .	528,346	490,358	37,988
Net - Belt Railway - Separate operation	\$ 1,013,408	\$ 1,070,251	\$ (56,843)
Ratio to operating revenues	6.68	7.66	(.98)
Total operating expenses	\$17,232,717	\$17,439,328	\$ (206,611)
Total joint facility - credits . .	4,293,633	3,795,141	498,492
Total operating expenses - Belt Railway - Separate operation	\$12,939,084	\$13,644,187	\$ (705,103)
Ratio to operating revenues	85.33	97.64	(12.31)
Operating revenue per car	\$ 25.379	\$ 21.867	\$ 3.512
Operating expense per car	\$ 21.657	\$ 21.350	\$.307

REPORT OF CHIEF ACCOUNTING OFFICER

The statements included in this report have been prepared from records maintained under my supervision and to the best of my knowledge and belief set out the amounts shown in accordance with principles and methods of accounting prescribed or authorized by the Interstate Commerce Commission.

As of December 31, 1973, The Belt Railway Company has claims of \$59,125 and \$358,009 against the Erie Lackawanna Railway Company and the Penn Central Transportation Company respectively, which are subject to handling under Section 77 of the Bankruptcy Act.

R. G. RUBINO

Vice President and Controller

Chicago, Illinois

March 2, 1974